

**APPLICATION FOR NON-PUBLIC TREATMENT OF
RESPONSE OF ADVANCE PUBLICATIONS, INC.
TO NOTICE OF INQUIRY NO. 1
(June 29, 2012)**

Pursuant to Rule 3007.22, 39 C.F.R. § 3007.22, Advance Publications, Inc. ("AP")¹ applies for non-public treatment of its response being filed under seal today (AP-MC2012-14/R2012-8-NP1) in response to the Commission's Notice of Inquiry No. 1. AP's filing contains commercially sensitive financial information regarding the newspapers' revenues. This information is responsive to the Commission's request in the Notice of Inquiry, and consists of trade secrets or sensitive business information not typically shared with competing firms. Making this information public could allow competing firms, including direct mailers, to obtain a competitive advantage. Accordingly, AP respectfully requests non-public treatment of the Response of Advance Publications, Inc., pursuant to rule 3007.22 *et seq.*

¹ Advance Publications, Inc., directly and through certain of its subsidiaries publishes multiple daily newspapers.

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

VALASSIS NSA

Docket No. MC2012-14

Docket No. R2012-8

**RESPONSE OF ADVANCE PUBLICATIONS, INC. TO NOTICE OF INQUIRY NO. 1
REDACTED VERSION**

This filing is made on behalf of Advance Publications, Inc. ("Advance"). Advance is the owner of twenty-one daily and twenty-four weekly newspapers in various parts of the United States, including, *The Star-Ledger*, based in Newark, New Jersey, *The Plain Dealer* (Cleveland, Ohio), *The Oregonian* (Portland, Oregon), *The Times-Picayune* (New Orleans, Louisiana), *The Birmingham News* (Birmingham, Alabama), *The Grand Rapids Press* (Grand Rapids, Michigan), *The Post-Standard* (Syracuse, New York), and *The Patriot-News* (Harrisburg, Pennsylvania).

We submit this declaration in support of NAA's Response to Notice of Inquiry No. 1.

Advance continues to oppose the proposed NSA (See Opposition of Advance Publications Inc., filed on May 23, 2012). The reduced postal rates that will be made available to Valassis (and seemingly only Valassis) would disrupt and cause unreasonable harm in the marketplace for FSI advertising placed by retailers of durable and semi-durable goods. The Advance newspapers compete for the distribution of such FSI's with various parties - but first and foremost with Valassis. As described below, durable and semi-durable goods FSIs make up the bulk of insert advertising, which in turn makes up a large portion of newspaper advertising.

Response To Questions

1. For fiscal year 2010, we estimate that advertising inserts for durable and semi-durable goods from national retailers represented [REDACTED]% of total advertising revenues (including ROP, classified, and digital advertising), [REDACTED]% of total print advertising revenue, and [REDACTED]% of total preprint advertising revenue.
2. For fiscal year 2011, we estimate that advertising inserts for durable and semi-durable goods from national retailers represented [REDACTED]% of total advertising revenues (including ROP, classified, and digital advertising), [REDACTED]% of total print advertising revenue, and [REDACTED]% of total preprint advertising revenue.
3. The Advance newspapers distribute FSIs from durable and semi-durable goods retailers, and other advertisers, in several ways. FSIs are included in home delivery and newsstand copies of the newspaper on Sundays and, depending on the specific newspaper, most days of the week.

Most of the daily Advance newspapers also deliver inserts to non-subscribers through total market coverage (TMC) products and through distribution of targeted publications (collectively with TMC products, "non-subscriber publications"). In some cases these non-subscriber publications are mailed, and in some cases they are distributed by delivery people. Typically each of these non-subscriber publications are delivered to homes once, or twice, per week. The FSIs contained in the non-subscriber publications are usually a subset of those included in the newspapers delivered to homes and newsstands. If the Commission approves the NSA and Valassis gets significantly discounted postal rates, FSIs from durable and semi-durable goods retailers are likely to be placed primarily with Valassis instead of in newspapers and their non-subscriber products. This is because once a retailer makes a determination to have its FSIs distributed by the Postal Service in a geographic area on a saturation basis, it is highly unlikely to distribute the same FSIs to the same homes through newspapers. Thus, the potential harm of the Valassis NSA to newspapers is substantial and would dramatically impact newspapers ability to devote resources to serve communities with the high quality news and information they deserve.

4. For fiscal year 2011, we estimate that Advance mailed [REDACTED] durable and semi durable goods FSIs (individual advertising inserts from national retailers) as part of its TMC advertising mail packages via the Postal Service and distributed [REDACTED] TMC packages via private delivery carriers or through other delivery methods.


5. For fiscal year 2010, Advance could not determine the number of packages it mailed through its TMC advertising mail packages; Advance paid the Postal Service approximately \$[REDACTED] million in postage for such packages.

6. For fiscal year 2011, Advance estimates that it mailed approximately [REDACTED] TMC packages for which Advance paid the Postal Service approximately \$[REDACTED].

7. We estimate that the Postal Service will lose approximately \$3,880,000 from Advance's TMC postage if the Valassis NSA is approved.

"I declare (or certify, verify, or state) under penalty of perjury that the foregoing is true and correct.

Executed on June 29, 2012



JEFF HIVELY